

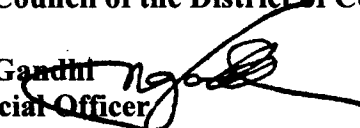
**Government of the District of Columbia
Office of the Chief Financial Officer**



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Vincent C. Gray
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi 
Chief Financial Officer

DATE: MAY 22 2008

SUBJECT: Fiscal Impact Statement: "Keene School Lease Disposition Approval Resolution of 2008"

REFERENCE: Draft - No Resolution Number Available

Conclusion

Funds are sufficient in the FY 2009 through FY 2012 budget and financial plan to implement the provisions of the proposed resolution.

Background

The proposed resolution would approve a proposed lease of the property ("Property") located at 33 Riggs Road, NE and designated for assessment and taxation purposes as Lots 802 and 806 in Square 3702, to Community Academy Public Charter School ("Lessee"), a District of Columbia non-profit corporation and public charter school, in accordance with the negotiated lease term sheet that is to be submitted with the proposed approval resolution.

The proposed lease, according to the Lease Term Sheet dated May 2, 2008 and submitted to the Office of the Chief Financial Officer (OCFO), provides that the lease term would be 25 years with one 25 year renewal term and includes specific provisions on rate calculations for the renewal term.

Financial Plan Impact

Funds are sufficient in the FY 2009 through FY 2012 budget and financial plan to implement the provisions of the proposed resolution. Implementation of the proposed resolution is estimated to generate approximately \$428,000 in new revenues in FY 2008 and \$1.78 million over the FY 2009 through FY 2012 budget and financial plan period.

According to the Office of Property Management (OPM), the proposed Lessee is currently occupying the Property pursuant to an expired license agreement. Under this license agreement the current Lessee pays the District \$14,666.67 per month for base rent, or \$176,000 per year, with no annual increase in rent. Under the proposed lease, Lessee would pay the District \$50,314.30 per month for base rent, or approximately \$604,000 per year. Under the proposed lease, the annual rent would increase by 2% each year beginning on the first anniversary of the rent commencement date until the fifth anniversary of this date, at which time the base rent would be increased by a percentage to be determined, in lieu of but not below the 2% escalation rate.

Under the Lease Term Sheet, Lessee would be required to pay all operating expenses, and if applicable, real estate taxes, associated with the Property.

OPM would not require additional resources to implement the proposed resolution.

Revenue Impact of the Proposed Lease Agreement					
	FY 2009	FY 2010	FY 2011	FY 2012	4 Year Total
<i>Rent, Proposed Lease Agreement*</i>	\$603,772	\$615,847	\$628,164	\$640,727	\$2,488,510
<i>Rent, Expired License Agreement</i>	\$176,000	\$176,000	\$176,000	\$176,000	\$704,000
New Revenues	\$427,772	\$439,847	\$452,164	\$464,727	\$1,784,510

* Assumes a rent commencement date of October 1, 2008 (first day of FY 2009) and a rent increase of 2% annually. Also assumes that the District would have continued to receive revenues from the expired license agreement were it not for the proposed lease agreement.